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C O N F I D E N T I A L SECTION 01 OF 03 KABUL 002323

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TAGS: [PGOV](#) [PREL](#) [PINR](#) [KDEM](#) [AF](#)  
SUBJECT: PARLIAMENT REJECTS BUDGET

REF: A. KABUL 794

[1](#)B. KABUL 807

Classified By: POLCOUNS ANGUS SIMMONS FOR REASONS 1.4 (B) AND (D)

[1](#)1. (C) SUMMARY. On May 21, the lower house of the Afghan Parliament rejected the GOA budget by a clear majority (although with only around half of MPs voting). The impasse occurred after the GOA rejected Parliament's suggested changes to the budget, including an increase in salaries for civil service employees and in payments to the disabled, orphans and widows. Debate in Parliament focused on the independence of the nation to make its own decisions about government salaries, and rejected the idea that salary increases should be linked to civil service reform conditionality (notwithstanding Afghanistan's continued reliance on donor contributions to fund the bulk of its operating budget). The GOA is reportedly prepared to declare the budget in effect despite Parliament's vote. END SUMMARY.

Vote Count

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[1](#)2. (SBU) While no roll call vote was taken, the votes in the Wolesi Jirga (WJ) against the budget were around 100, with votes in favor numbering no more than 20. MPs voting against the budget included Rabbani and Mohaqqueq; Sayyaf walked out of the vote after seeking a "third way" compromise solution. Votes in favor of the budget included some conservative MPs, including Mullah Salam Rocketi. Other possible Karzai allies (such as Jamil Karzai) abstained from the vote. The budget was voted on twice, with votes to reject in the majority each time. The first vote was on three options: reject, approve, or defer, with the understanding that debate would continue between the GOA and Parliament (this option got 30-40 votes). After Government Oversight Committee Chair Ranjbar noted that only an up or down vote is allowed by the Constitution,

a vote was taken again on rejecting or accepting the budget.

#### Impasse over Parliament's Suggested Amendments

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¶3. (SBU) Parliament resumed debate on the budget on Saturday, May 20 after Qanooni sent a letter to the President outlining the WJ's suggested changes to the budget. The primary suggestions were a pay increase for all government employees (of around USD 13 each) and a 100% increase in the payments (now around USD 7 a month) to the disabled, widows and orphans. The letter itself was a laundry list of the Wolesi Jirga's ideas on changes that should be made to the regular budget (everything from civil service salaries to the budget for the National Assembly) and the development budget (prioritizing hydroelectric power and mines as income-generating projects for the country). (COMMENT. The WJ did not suggest offsets for its programs - the letter was a document of consensus, not hard choices. END COMMENT.)

¶4. (C) The Ministry of Finance (MOF) had approached the IMF, World Bank, and key bilateral donors in February with a similar proposal for an across-the-board civil service salary increase, which donors soundly rejected on the grounds that, among other things, any salary hikes should be linked to civil service reform (REFTELS). Donors reiterated their stance in a meeting with the MOF after it received Parliament's suggestions. Faced with the inability to accommodate Parliament's requests, the President reportedly decided to invoke Article 98 of the Constitution, which would declare the budget in force without approval by Parliament (he had the legal right to do so since Parliament did not vote on the budget within the 30 days required by the Constitution). Before this took place, and after receiving

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unfavorable press coverage in the media for holding up the budget, Parliament decided to return to debate on the budget earlier than expected. It called in the Minister of Finance for additional questioning on May 20.

#### Debate Focused on Parliament's Rights

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¶5. (SBU) While Deputy Minister Shahrani appeared before Parliament on May 20, and Minister Ahadi spoke again to Parliament on May 21, their explanations of why the budget could not be revised were not satisfactory to Parliament. The two main points made (by MPs across the political spectrum) were:

- Why should the budget be passed without having Parliament's views taken into consideration? (Other similar comments focused on MPs as representatives of the people, and that the people's views need to be considered.)
- Why should the International Community (IC) dictate what civil service salaries should be? (While many MPs accepted that the IC can determine where development money is spent, IC conditions on the regular budget were rejected.)

¶6. (SBU) During debate, Qanooni emphasized repeatedly (and Ahadi affirmed) that what is at issue was not a lack of money on the part of the GOA, but a question of policy: that the international community wants civil service reform to precede civil service salary increases, and is conditioning assistance on that. Fazlullah Mojaddedi (Laghman) received rare applause for his speech stating that the GOA should take responsibility for its own budget, rather than keep referring to the IC. Several statements were much harsher in their comments on the IC. For example, in his speech urging rejection of the budget, Imami Ghorri (Ghor) criticized international development projects and said that Afghanistan's lack of development was a result of its lack of independence. Another MP stated that the GOA has caved to international pressure and that the independence of the nation rests in Parliament's hands now. Several other MPs

linked the budget to security, stating that increased salaries for the military and police are needed to improve security for the nation. The few members who spoke in favor of the budget noted that the Parliament should have an alternate proposal to present or that delaying passage of the budget would hurt Afghanistan's economy.

#### Next Steps

17. (C) It is unclear what steps the GOA will take next. According to a Ministry of Finance advisor, the MOF's and GOA's legal advisors' opinion is that Article 98 can still be invoked. In other words, the GOA may still declare the budget in effect, despite the negative vote by Parliament. While meetings within the GOA on this issue are still ongoing, the current plan appears to be to send a letter to Parliament from President Karzai invoking Article 98. Karzai would also lobby MPs as well in an attempt to smooth over this disagreement.

#### Comment

18. (C) Parliamentarians view this vote as a bargaining process with the GOA: when their initial position of higher salaries and other benefits was rejected by the GOA, they rejected the GOA budget in response. Qanooni made clear before and after the vote that the rejection of the budget was not intended to be final, but the means to further negotiations between the GOA and the WJ. Parliament also

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believes it is representing its constituents in the debate - MPs meet with delegations from their province on a daily basis and many ask for higher pay.

19. (C) The impasse over the budget exemplifies the poor communication between the executive and legislative branches -- for example, the MOF did not know about the vote in Parliament until Post called for a reaction. The GOA appears not to have put much energy into working the WJ floor to seek support for the budget, with many erstwhile Karzai supporters backing the no vote. The vote on the budget also exemplifies and increasingly nationalist/populist trend in its debate. Parliament sees itself as a guardian of Afghan independence and democracy, and has reacted negatively to the reality that the GOA will remain dependent on conditioned donor funding to support its day-to-day operating expenditures for years to come. END COMMENT.  
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